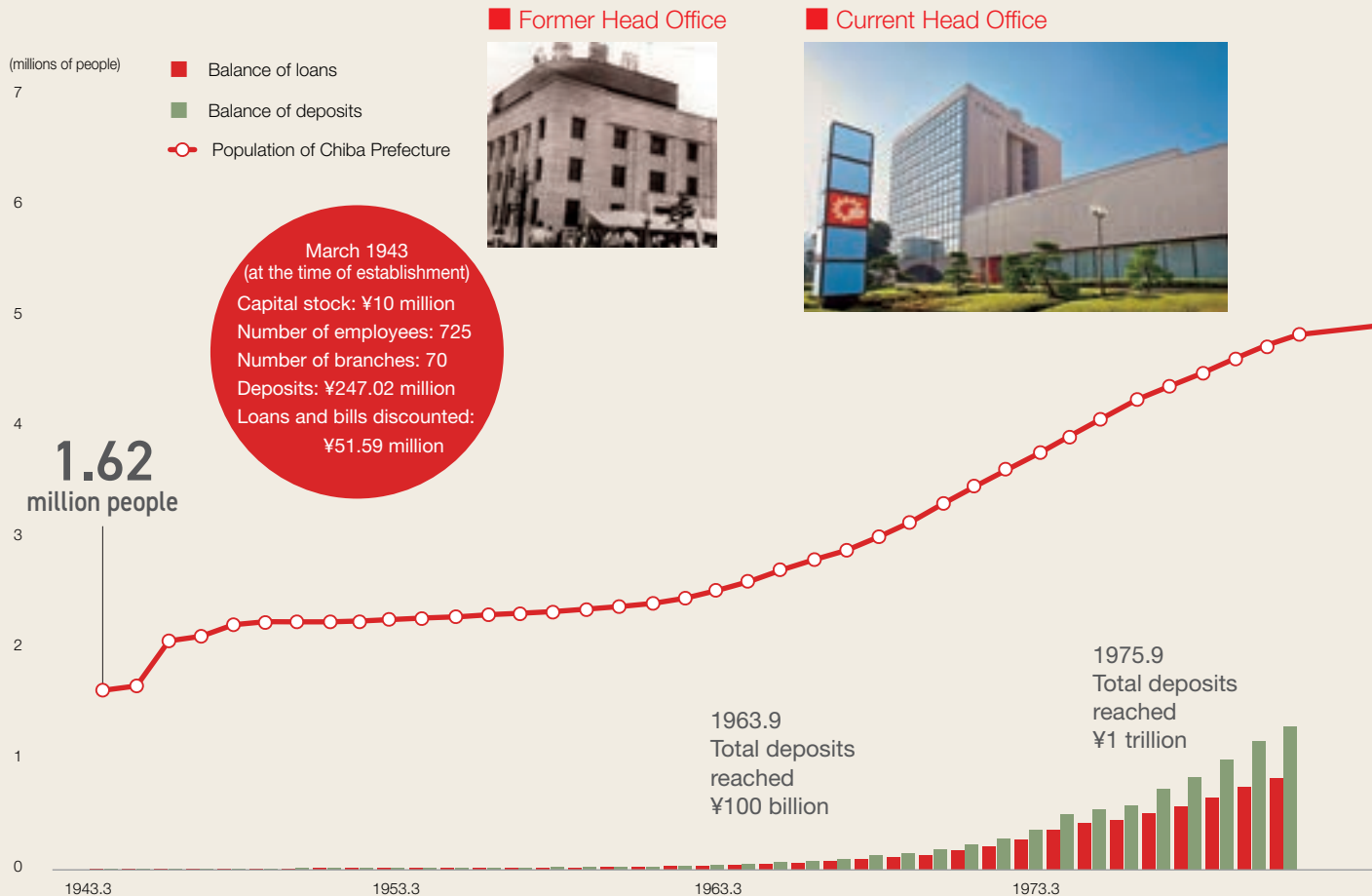


History of the Chiba Bank Group

Since its establishment in 1943, we have continued to grow in step with the region by actively responding to financial needs generated by the development of Chiba Prefecture.



■ Former Head Office



■ Current Head Office



Our Transition

1943.3

Founded as a result of the merger of Chiba Godo Bank, Omigawa Agricultural and Commercial Bank, and the Kujuhachi Bank

1960-

Deposits and loans grew in response to high economic growth

1964.2

Set a sunflower as the bank flower

1970.10

Listed on the 2nd section of the Tokyo Stock Exchange (changed to 1st section in August 1971)

1971.10

Started the first online system

1973.3

Built the new Head Office building and relocated the Head Office from Chuo to Chiba-minato

1986.10

Appointed the first female Branch General Manager in Japan

1987.4

Opened New York Branch

1989.4

Opened Hong Kong Branch

1991.2

Opened London Branch

Flow of Society

1941-1945

Asia-Pacific War

1950-1953

Korean War

1960.12

Formulation of a construction plan for the Keiyo Coastal Industrial Zone

1964.10

Tokyo Olympics

1973.10

First oil crisis

1978.5

Open of New Tokyo International Airport (Narita Airport)

1983.4

Open of Tokyo Disneyland

1985.6

Full-scale start of financial liberalization

1985.9

Plaza Accord

1989.4

Introduction of consumption tax

1989.12

Nikkei Stock Average recorded highest price ¥38,915.87

1991.3

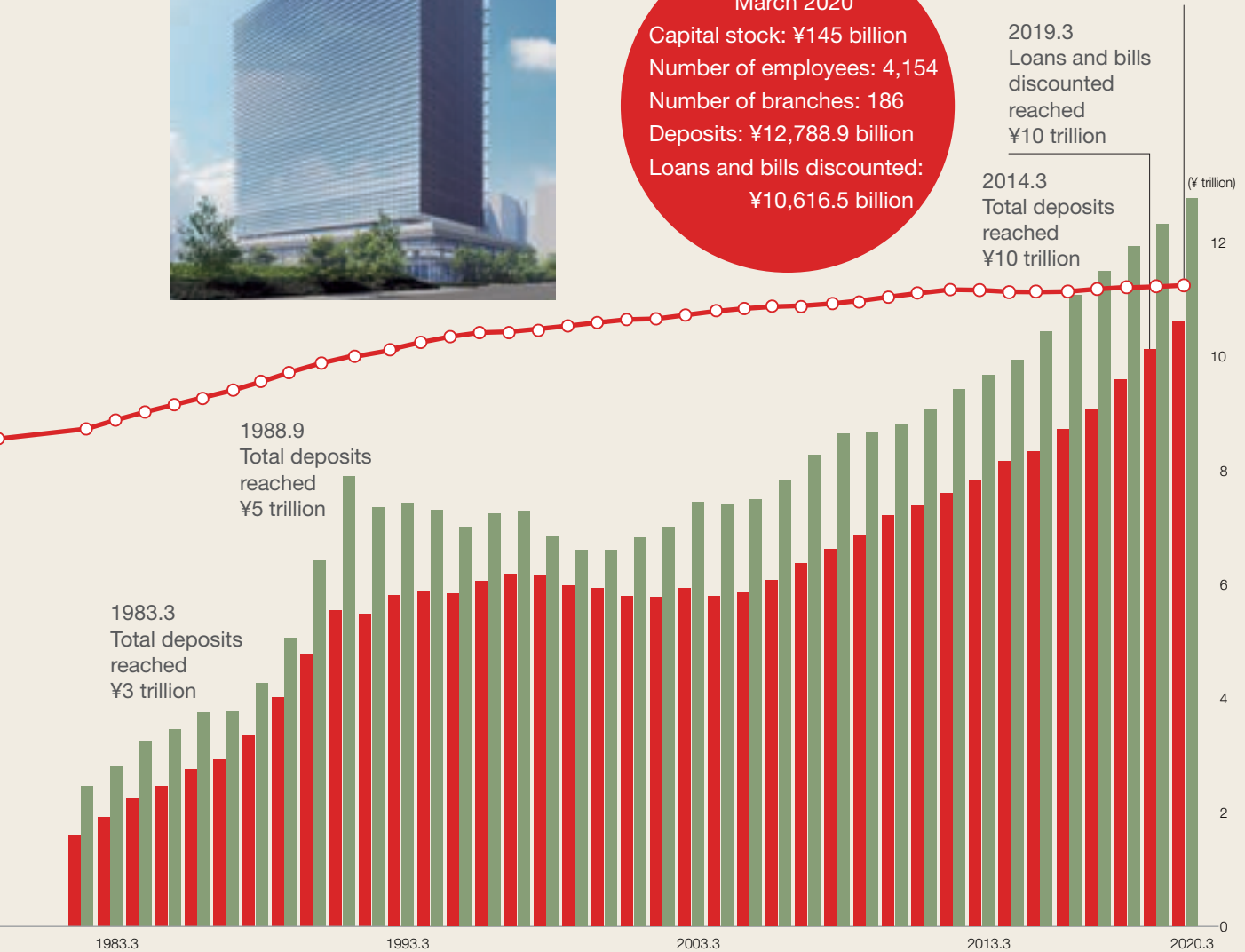
Collapse of bubble economy

■ New Head Office (planned completion in September 2020)



6.27
million people

March 2020
 Capital stock: ¥145 billion
 Number of employees: 4,154
 Number of branches: 186
 Deposits: ¥12,788.9 billion
 Loans and bills discounted: ¥10,616.5 billion



Summary

1995.11
 Opened Shanghai Representative Office

1998.3
 Acquired Chuo Securities (currently Chibagin Securities) as a Group company

2006.12
 Established Chibagin Heartful as a special subsidiary for the employment of people with disabilities

2008.3
 Launched the TSUBASA project

2011.3
 Opened Representative Office Registered in Singapore

2014.9
 Opened Bangkok Representative Office

2015.10
 Launched the TSUBASA Alliance

2016.3
 Launched the Chiba-Musashino Alliance

2016.5-9
 9 group companies relocated to Chibagin Makuhari Building

2016.7
 Established T&I Innovation Center

2019.7
 Launched the Chiba-Yokohama Partnership

1995.1
 Great Hanshin-Awaji Earthquake

1997.12
 Tokyo Bay Aqua-Line opened

2002.9
 Population in Chiba prefecture exceeded 6 million people

2005.4
 Full implementation of the deposit payoff system

2008.9
 Bankruptcy of Lehman Brothers

2009.3
 Nikkei Stock Average reached ¥7,054.98, lowest price after the collapse of bubble economy

2009.12
 Enforcement of the SME Finance Facilitation Act

2011.3
 Great East Japan Earthquake

2013.4
 The Bank of Japan decided to introduce "Quantitative and Qualitative Finance Easing Policy"

2016.1
 The Bank of Japan decided to introduce "Negative Interest Rate Policy"

2019.9
 Typhoon Faxai

2019.10
 Consumption tax raised to 10 %

2020.1
 UK left the EU

2020.3
 COVID-19 pandemic declared

Realizing “Sustainable Management”

Social Issues

Society at Large

- Realization of sustainable society
- Countermeasures for global warming and climate change
- Regional revitalization

Monetary Environment

- Prolonged negative interest rate policy and overcome deflation
- Building assets in the “100-Year Life Society”

Super-Aging Society

- Smooth business succession
- Financial services for the elderly

Technological Innovation

- Digitalization
- Cashless

Lifestyles

- Response to diversifying values

Human Resources

- Utilization of diverse human resources
- Response to increasing labor mobility

Natural Disasters

- Mitigating loss from intensification of natural disasters
- Development of social infrastructure

Contributing to Solve Social Issues

Financial Services That Support the Growth of

The Chiba Bank Group’s Mission

~ Strategies ~

Title

The 14th Medium Term Management Plan
NEXT STEP 2023
~ connect and go beyond, for the future ~
(Plan period: April 1, 2020 to March 31, 2023)

Basic Policy I

“We will continue to evolve closely with our customers”

- We will be a consulting partner that is closely linked to the lives of individual customers
- We will be the best partner as solving the diverse management issues of corporate customers
- We will continue to build branches that are both convenient and able to consult

Basic Policy III

“We will advance alliance strategies”

Basic Policy IV

“We will realize sustainable management”

Framework for Growth

~ Strengths of the Chiba Bank Group ~

Financial Capital

- Top-class asset size and profitability among the regional banks
- Robust capital
- Low expense ratio

Intellectual Capital

- Knowledge accumulated through alliances with other banks, etc.
- Comprehensive financial services offered by the entire group

(Balancing economic value and social value)

Customers and Regional Communities

Contribute to the sustainable development of regional economies through the provision of the latest financial services as a partner for customers and regional communities

Vision

Enhance customer experience by deepening financial functions and creating new models for regional finance

Basic Policy II

“We will continue to create new value for our customers’ future”

- We will provide new value to our customers by using digital technology and all kinds of information resources
- We will create new value by taking on challenges that go beyond the framework of banking
- In order to provide new value and stand with our customers, we will further strengthen collaboration with other banks and companies in other industries
- We will strive to build a rewarding company by enhancing human resource development and realizing diverse work styles
- We will further strengthen our internal control structures, including governance, compliance, and risk management

Social Capital

- Solid business base ■ Deeply diverse customer base
- Growth potential of Chiba Prefecture, the Group’s major market

Human Capital

- Progressive approach to diversity
- Human resource development with a focus on building expertise

Management Base

- Improved productivity by achieving operational reforms
- Solid internal control structures

Co-creating Value with Stakeholders

- Shareholders** Improvement of corporate value in the medium to long term
- Customers** Demonstration of our financial intermediation function and advanced financial services
- Employees** Rewarding workplace where employees can demonstrate their full potential
- Regional Communities** Regional revitalization and coexistence with the natural environment

Contributing to Achieve the SDGs

“The Chiba Bank Group Declaration on SDGs”

Contribute to the vitalization of regional economy and communities



Support safe and secure lives for the elderly



Provide financial services for a better life



Promote diversity and work style reforms



Contribute to the protection of a sustainable environment



Strengths of the Chiba Bank Group

The Chiba Bank Group makes the best possible use of its financial capital, intellectual capital, social capital, and human capital in order to continue to provide regional customers with valuable products and services.

Such capital consists the strengths of the Chiba Bank Group to realize sustainable management.

(As of March 31, 2020 or for the fiscal year ended March 31, 2020 unless otherwise noted)

Financial Capital

Top-Class Asset Size Among the Regional Banks

Total Assets (Consolidated):	¥15,609.9 billion
Loans and Bills Discounted (Non-Consolidated):	¥10,616.5 billion
Deposits (Non-Consolidated):	¥12,788.9 billion

Top-Class Profitability Among the Regional Banks

Profit Attributable to Owners of Parent (Consolidated)	¥48.0 billion
ROE (Consolidated, Based on Shareholders' Equity)	5.67 %

Robust Capital

Total Capital Ratio (Consolidated)	12.12 %
Common Equity Tier 1 Capital Ratio (Consolidated)	11.51 %

Low Expense Ratio

OHR (Non-Consolidated)	54.61 %
------------------------	---------

Excellent Ratings^{*1}

Moody's	A1 (Long-Term)	P-1 (Short-Term)
Standard & Poor's	A- (Long-Term)	A-2 (Short-Term)
Rating and Investment Information	AA- (Long-Term)	

Sound Loan Assets

Non-Performing Loan Ratio (Non-Consolidated, Based on the Financial Reconstruction Law)	1.10 %
---	--------

*1: As of June 10, 2020

Intellectual Capital

Industry-Academia Collaboration Initiatives

Cumulative Number of Recipients of Grants and Awards ^{*2}	516
---	-----

Comprehensive Financial Services Offered by the Entire Group

Number of Group Companies	14 companies
---------------------------	--------------

Status of Fiduciary Duty Initiatives

Customer-Oriented Investment Trust Sales Company Evaluation (R&I) ^{*3}	S
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Difference Between Consolidated and Non-Consolidated Profit	¥2.0 billion
--	--------------

Specialized Products and Services Utilizing Expertise

Number of Contracts for Inheritance-Related Services (Excludes Contracts Signed for Other Banks in the Alliance)	1,702
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*2: The figure represents the cumulative number of recipients as of FY2019. It includes the number of recipients of grant and award from the Chiba Bank as well as public interest corporations to which the Chiba Bank makes donations.

*3: Ratings are given by Rating and Investment Information, Inc. (R&I) to financial institutions, etc. upon request, based on the evaluation of their policies and efforts as to how they perform their customer-oriented business operations in their investment trust sales activities. As of June 30, 2020

Social Capital

Solid Business Base

Domestic Network ^{*4}	186 locations
Overseas Network	6 locations
Branches: New York, Hong Kong, London Representative Offices: Shanghai, Singapore, Bangkok	
Market Share of Loans in Chiba Prefecture ^{*5}	40.4%
Market Share of Deposits and Savings in Chiba Prefecture ^{*5}	26.4%
Designated Financial Institution for	44 out of 55 local governments
Coordination Agreement for Regional Revitalization Concluded with	21 out of 55 local governments

*4: 183 branches and 3 money exchange counters
*5: Source: The Kinyu Journal (As of March 31, 2019)
*6: Source: Teikoku Databank (2019 Survey)

Deeply Diverse Customer Base

Number of Accounts Used to Receive Salaries	880 thousand accounts
Number of Accounts Used to Receive Pensions	490 thousand accounts
Number of Customers Receiving Housing Loans	190 thousand customers
Number of Companies Using Chiba Bank as Their Main Bank ^{*6}	21 thousand companies

Growth Potential of Chiba Prefecture, the Group's Major Market

Population of Chiba Prefecture	6,270 thousand (Sixth largest in Japan)
Increase in the Population of Chiba Prefecture (October 2015 → October 2019: Fifth largest increase in Japan)	56 thousand

Human Capital

Human Resource Development With a Focus on Building Expertise

Number of Trainees Dispatched	
External Trainee	24
Internal Trainee	43

Extensive Training Program

Total Number of Training Sessions Taken by Employees (per annum)	14,999 times
Total Number of Employees Participated in Seminars on Days Off (per annum)	1,567

Utilization of Employees with Significant Expertise^{*7}

Real Estate Transaction Agent	428
1st Grade Certified Skilled Professional of Financial Planning	188
CMA	66
Small and Medium Sized Enterprise Consultant	57
Others ^{*8}	22

*7: Includes senior managements, career assistants, and senior staff
*8: Labor and Social Security Attorney, Certified Public Tax Accountant, Certified Public Accountant, and Licensed Real Estate Appraiser

Strengths of the Chiba Bank Group

The Chiba Bank Group operates mainly in Chiba Prefecture, Japan's sixth largest prefecture in terms of population. The prefecture has thriving agriculture and fishing industries thanks to its favorable geographic conditions such as being part of the Tokyo Metropolitan area and having a mild climate. It also boasts a well-balanced industrial structure, located within Japan's most prominent industrial areas that stretch along the coast of Tokyo Bay.

Given the expected economic effects of ongoing projects including the complete opening of the Ken-O Expressway scheduled in FY2024 and capacity enhancement plans at Narita Airport, the prefecture sees a potential for high growth.

Strength 1 Growth Potential of Chiba Prefecture, the Group's Major Market

In Chiba Prefecture, all sections of the Ken-O Expressway are scheduled to open in FY2024. In addition, all sections of the Tateyama Expressway, which gives access to Minamiboso, will have four lanes, and the Kita Chiba Road, which connects the western part of the prefecture with Narita Airport, is also under construction. It will improve access between Chiba Prefecture and the Tokyo Metropolitan areas, improve the efficiency of logistics, and revitalize tourist traffic, which will promote further progress in economic integration with the Tokyo Metropolitan area.

The enhancement of capacity of Narita Airport is underway including the construction of the third runway. A large increase in the working population and development of the surrounding areas can be expected, and the synergies between this development and the opening of the Ken-O Expressway are expected to revitalize Chiba Prefecture overall. In collaboration with Chiba Prefecture as well as local governments and customers in the area surrounding Narita Airport, Chiba Bank is reinforcing activities in the area, where future growth is expected.

Narita City, designated as a National Strategic Special Zone, is undergoing urban development in an aim to become an international medical academic city. With the openings of International University of Health and Welfare School of Medicine in April 2017, followed by the opening of IUHW Narita Hospital in March 2020, economic effects continue to be anticipated from the concentration of medical institutions.

Strengthening of the functions of Narita Airport and its effects

Capacity of the runway system	300,000 times → 500,000 times
Number of passengers handled	50 million → 75 million
Volume of cargo handled	2.35 million tons → 3 million tons
Number of airport workers	43 thousand → 70 thousand

* Source: Basic plan for regional development around Narita Airport, Four Party Council on Narita Airport

Strength 2 Solid Business Base and Deeply Diverse Customer Base

The Chiba Bank has opened new branches in growing areas along with consolidation of existing branches, primarily in Chiba Prefecture but also in Tokyo, Saitama Prefecture, and Ibaraki Prefecture, which are adjacent to Chiba Prefecture, to establish a branch network of 186 domestic locations and 6 overseas locations as of March 31, 2020. We will continue to maintain a certain number of locations, secure contact points with customers, and provide optimal services.

With this branch network, we have won an overwhelming share of the market in the region and a deeply diverse customer base. As the top bank in the region, we will strengthen coordination with local governments in the prefecture for regional revitalization and support business activities as the main bank of more than 20,000 companies.

At the Chiba Bank Group, 14 group companies work together to meet the diverse needs of regional customers, utilizing functions of each company such as securities and asset management, research and consulting, leasing and venture capital, credit cards, outsourcing and staffing services, and credit guarantees and management.

Strength 3 Comprehensive Financial Services Offered by the Entire Group

Securities and asset management
Chibagin Securities Co., Ltd.
Chibagin Asset Management Co., Ltd.

Research and consulting
Chibagin Research Institute, Ltd.
Chibagin Computer Service Co., Ltd.
T&I Innovation Center, Co., Ltd.

Leasing and venture capital
Chibagin Leasing Co., Ltd.
Chibagin Capital Co., Ltd.



14 group companies



Head office of 9 group companies have been relocated to Chibagin Makuhari Building in the Makuhari New City area

Credit cards
Chibagin JCB Card Co., Ltd.
Chibagin DC Card Co., Ltd.

Outsourcing and staffing services
Chibagin Career Service Co., Ltd.
Chibagin Heartful Co., Ltd.
Sobu Co., Ltd.

Credit guarantees and management
Chibagin Guarantee Co., Ltd.
Chibagin Servicer Co., Ltd.

Chibagin Securities has established a stable business foundation with 21 branches in the Tokyo Metropolitan area. It is also strengthening a group collaboration with securities companies of the financial institutions participating in the TSUBASA Alliance.

Chibagin Asset Management has been expanding its investment product portfolio, such as ESG funds provided for the Bank of Yokohama and the Musashino Bank in February and March 2020.

As the only think tank in the prefecture, **Chibagin Research Institute** has been entrusted with the formulation of comprehensive plans for local governments, etc.

Chibagin Computer Service offers IT solutions and **T&I Innovation Center** conducts FinTech surveys, research, and development.

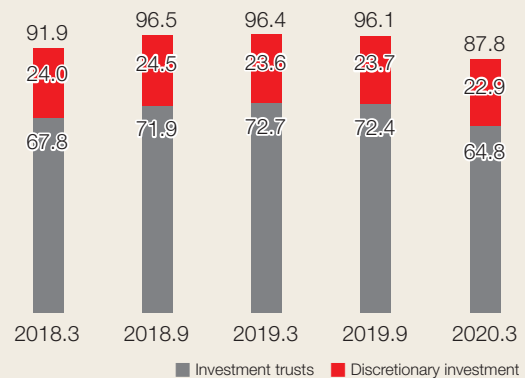
Chibagin Leasing leverages on the Bank's customer base, and the number of customers with contracts and leasing assets are steadily increasing.

Chibagin Capital offers fund management and M&A advisory services.

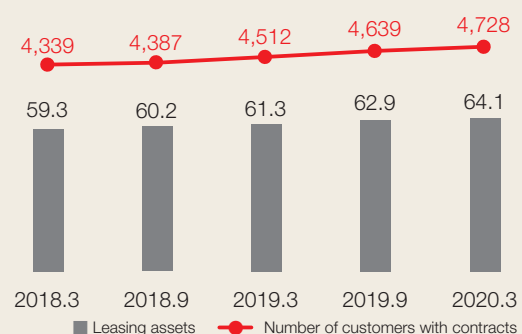
Chibagin JCB Card and **Chibagin DC Card** are increasing the transaction volume by promoting to develop credit card member stores and corporate credit card customers.

Chibagin Career Service is strengthening its staffing services in response to customers' needs for personnel.

■ Assets under management of Chibagin Asset Management (¥ billion)



■ Number of customers with contracts and leasing assets of Chibagin Leasing (¥ billion)



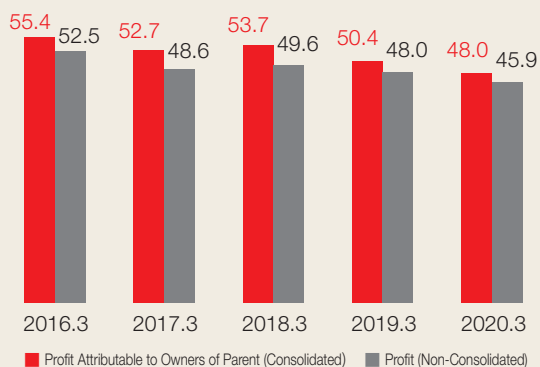
Financial Highlights

Profit

(Consolidated/Non-Consolidated/¥ billion)

Consolidated: **¥48.0** billion

Non-Consolidated: **¥45.9** billion

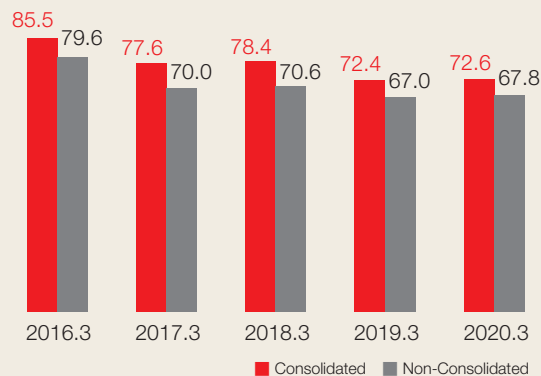


Ordinary Profit

(Consolidated/Non-Consolidated/¥ billion)

Consolidated: **¥72.6** billion

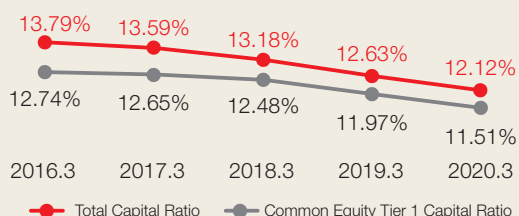
Non-Consolidated: **¥67.8** billion



Capital Ratio (Consolidated)

Total Capital Ratio: **12.12%**

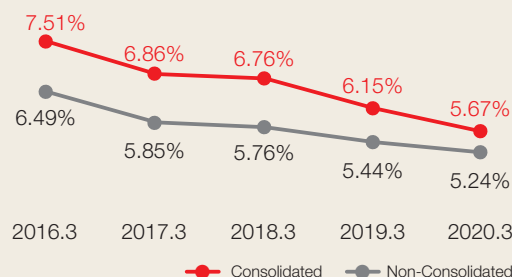
Common Equity Tier 1 Capital Ratio: **11.51%**



ROE (Consolidated/Non-Consolidated)

Consolidated: **5.67%**

Non-Consolidated: **5.24%**

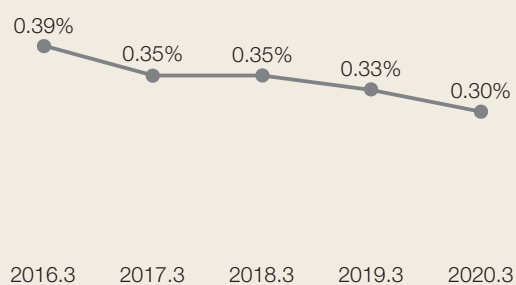


$$\text{ROE (Non-Consolidated)} = \frac{\text{Profit}}{(\text{Total Net Assets at Beginning of Fiscal Year} + \text{Total Net Assets at End of Fiscal Year}) / 2}$$

$$\text{ROE (Consolidated)} = \frac{\text{Profit Attributable to Owners of Parent}}{(\text{Total Shareholders' Equity at Beginning of Fiscal Year} + \text{Total Shareholders' Equity at End of Fiscal Year}) / 2}$$

ROA (Non-Consolidated)

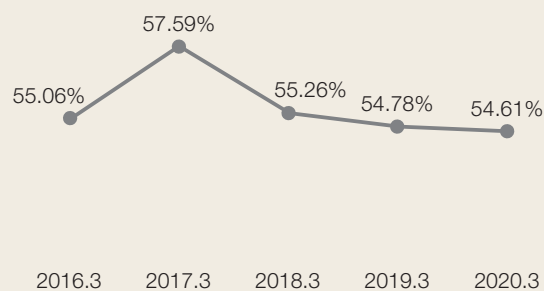
Non-Consolidated: **0.30%**



$$\text{ROA (Non-Consolidated)} = \frac{\text{Profit}}{\text{Average Total Assets}}$$

OHR (Non-Consolidated)

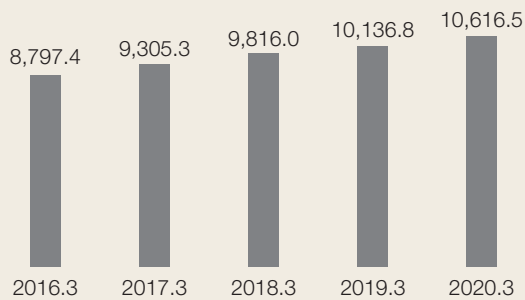
Non-Consolidated: **54.61%**



$$\text{OHR (Non-Consolidated)} = \frac{\text{Expenses}}{\text{Net Business Income} - \text{Gains (Losses) Related to Bonds, etc.} + \text{Net Transfer to General Allowance for Loan Losses} + \text{Expenses}}$$

Loans and Bills Discounted (Non-Consolidated/¥ billion)

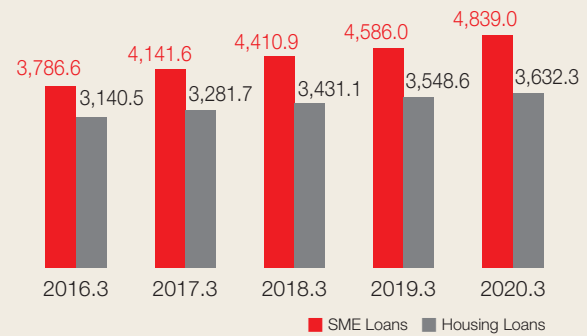
Non-Consolidated: **¥10,616.5** billion



SME Loans/Housing Loans (Non-Consolidated/¥ billion)

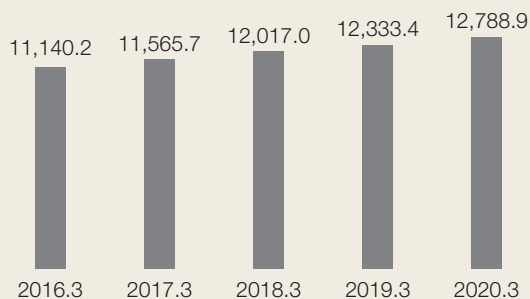
SME Loans: **¥4,839.0** billion

Housing Loans: **¥3,632.3** billion



Deposits (Non-Consolidated/¥ billion)

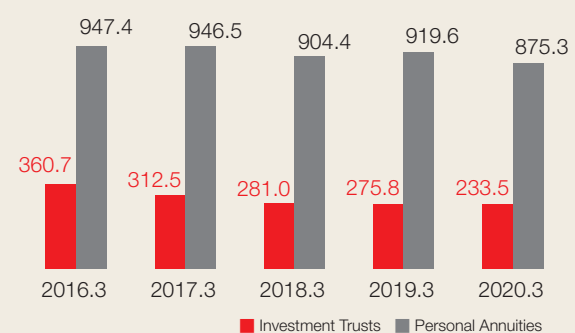
Non-Consolidated: **¥12,788.9** billion



Investment Trusts/Personal Annuities (Non-Consolidated/¥ billion)

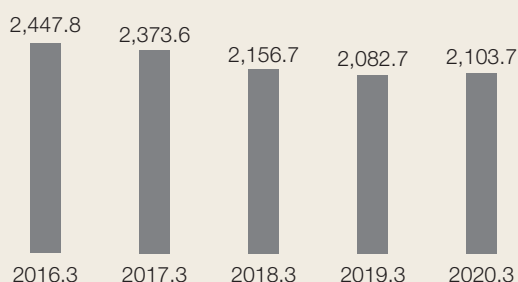
Investment Trusts: **¥233.5** billion

Personal Annuities: **¥875.3** billion



Securities (Non-Consolidated/¥ billion)

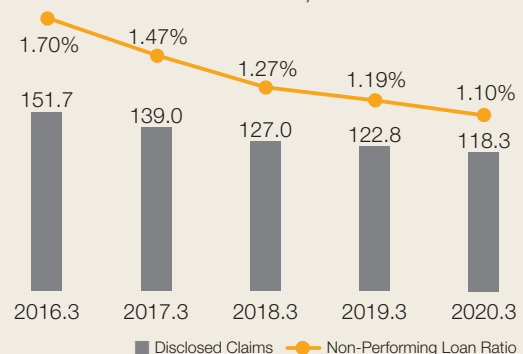
Non-Consolidated: **¥2,103.7** billion



Disclosed Claims under the Financial Reconstruction Law (Non-Consolidated/¥ billion)

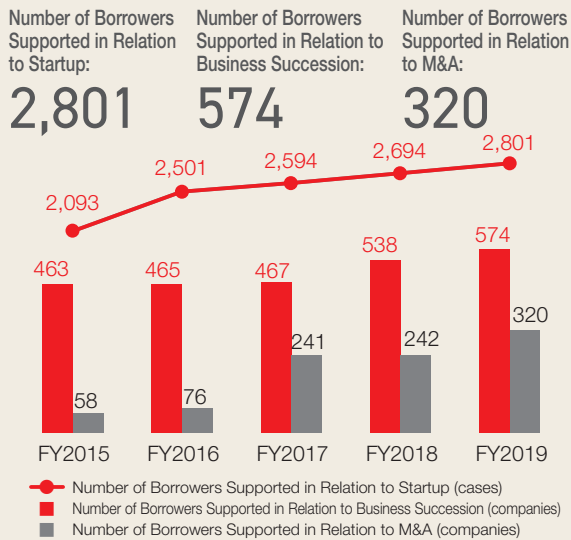
Disclosed Claims under the Financial Reconstruction Law: **¥118.3** billion

Non-Performing Loan Ratio (Based on the Financial Reconstruction Law): **1.10%**

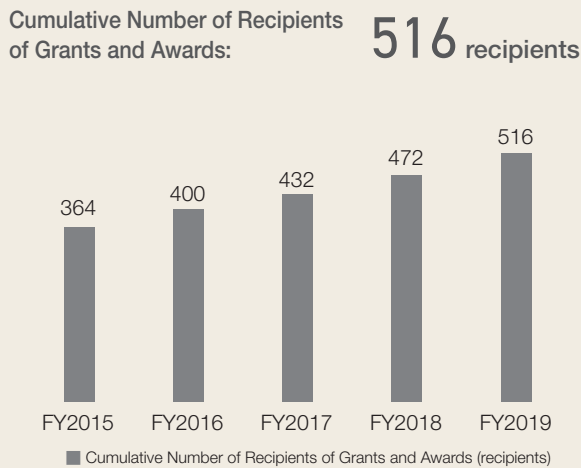


Non-Financial Highlights

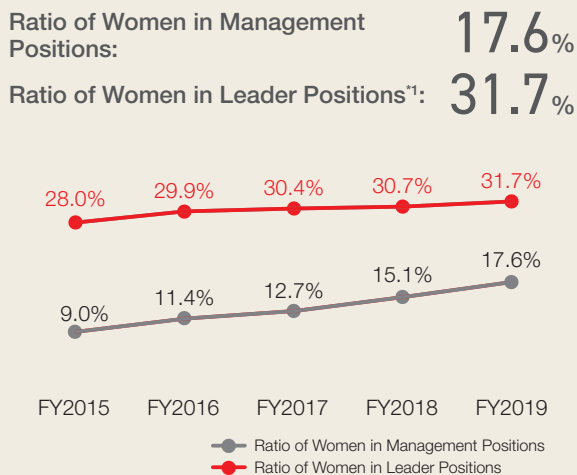
Number of Borrowers Supported in Relation to Startup/Business Succession/M&A



Support for Industrial Development and Technological Innovation

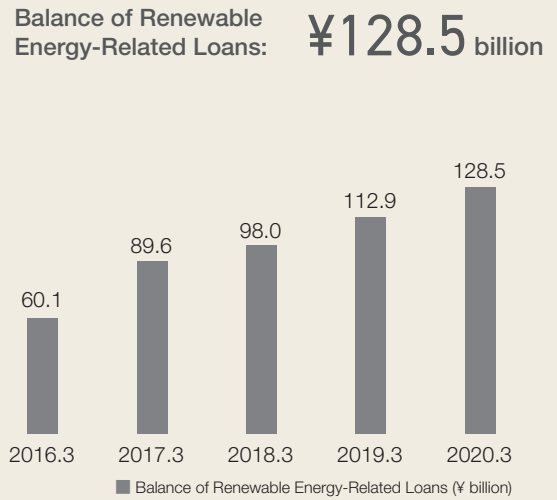


Initiatives to Promote the Active Participation of Women

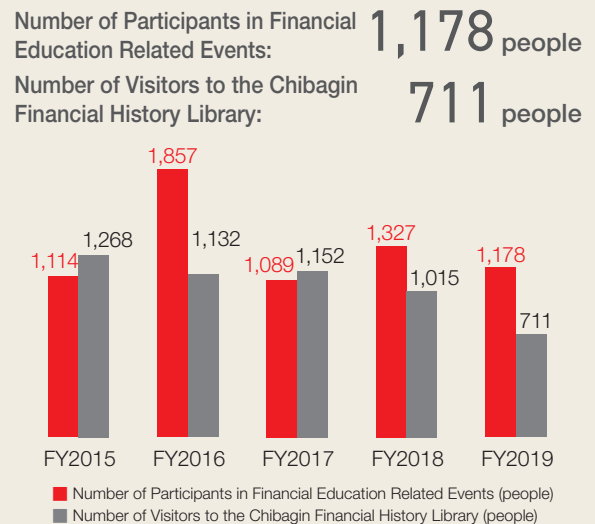


^{*1} Employees who have subordinates such as Branch Managers and employees with equal status, who are in charge of organizational management and are responsible for their work.

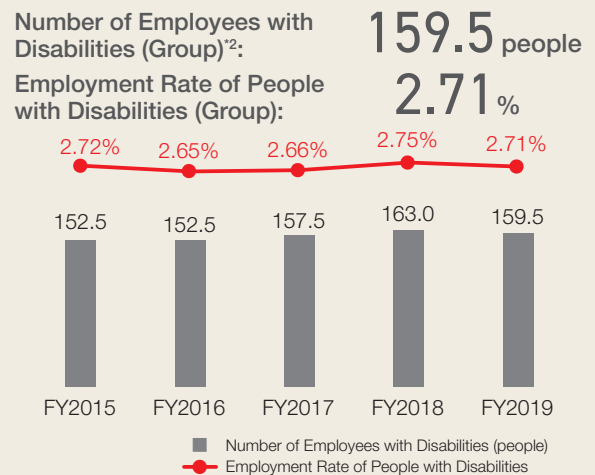
Initiatives to Promote Renewable Energy



Efforts to Improve Financial Literacy



Efforts Toward the Employment of People With Disabilities



^{*2} The numbers of employees with disabilities include a fraction of less than one as they are the figures used for calculating the employment rate of people with disabilities.

Financial Results and Conditions

Financial Results for the Fiscal Year Ended March 31, 2020

● Summary of financial results

In the fiscal year ended March 31, 2020, non-consolidated gross business profit increased ¥0.4 billion year on year to ¥152.7 billion. Net interest income increased by ¥1.0 billion, net fees and commissions income increased by ¥0.2 billion, and core net business income excluding gains (losses) on cancellation of investment trusts increased by ¥1.5 billion.

Net credit costs decreased by ¥1.8 billion mainly due to a decrease in net transfer to general allowance for loan losses.

As a result, non-consolidated profit was ¥45.9 billion and profit attributable to owners of parent was ¥48.0 billion.

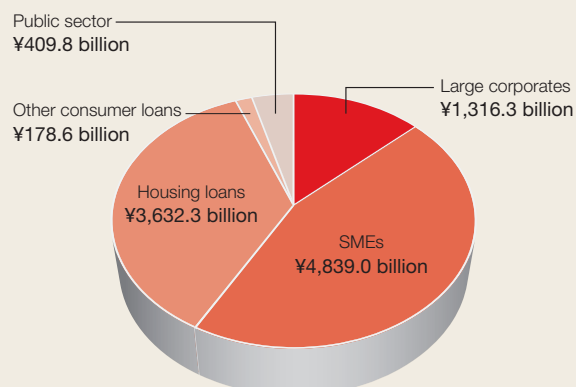
● Increase in loans and bills discounted

The balance of loans and bills discounted increased by ¥479.6 billion or 4.7% from the end of the previous fiscal year to ¥10,616.5 billion.

A steady growth was maintained as SME loans increased 5.5% and housing loans increased 2.3%.

Domestic loans and bills discounted by region saw 3.0% increase in branches in Chiba Prefecture and 8.9% in branches outside Chiba Prefecture, showing a steady increase in both regions.

■ Balance of domestic loans and bills discounted (by category)



■ Summary of financial results

(¥ billion)

(Non-consolidated)	2019/3	2020/3	YoY
Gross business profit	152.2	152.7	0.4
Net interest income	122.6	123.6	1.0
Net fees and commissions income	22.4	22.6	0.2
Trading income	1.1	1.8	0.6
Profit from other business transactions	6.0	4.5	(1.4)
Gains (losses) related to bonds	4.5	3.2	(1.2)
Expenses (-)	81.1	81.9	0.7
Real net business income	71.1	70.8	(0.2)
Core net business income	66.5	67.5	0.9
Excluding gains (losses) on cancellation of investment trusts	62.6	64.2	1.5
Net transfer to general allowance for loan losses (-)	2.5	1.2	(1.3)
Net business income	68.5	69.5	1.0
Non-recurrent income and losses	(1.4)	(1.6)	(0.2)
Disposal of non-performing loans (-)	8.7	8.2	(0.5)
Gains (losses) related to stocks, etc.	1.8	2.6	0.8
Ordinary profit	67.0	67.8	0.8
Extraordinary income (loss)	(0.2)	(3.8)	(3.6)
Profit	48.0	45.9	(2.0)
Net credit costs (-)	11.3	9.5	(1.8)

(¥ billion)

(Consolidated)	2019/3	2020/3	YoY
Ordinary profit	72.4	72.6	0.1
Profit attributable to owners of parent	50.4	48.0	(2.4)

■ Balance of domestic loans and bills discounted (by region)

(¥ billion)

	2019/3	2020/3	Change	% of Change
Domestic loans and bills discounted	9,903.9	10,376.2	472.2	4.7%
Branches in Chiba Prefecture	6,963.0	7,172.1	209.0	3.0%
Branches outside Chiba Prefecture	2,940.9	3,204.0	263.1	8.9%

Financial Results and Conditions

Financial Results for the Fiscal Year Ended March 31, 2020

● Increase in net fees and commissions income

Net fees and commissions income increased ¥0.2 billion year on year to ¥22.6 billion.

Although fees and commissions income related to financial products decreased, overall results remained robust with solution-related fees from corporate customers reaching a record high, driven primarily by finance-related income from syndicated loans, etc.

We will continue to strengthen our earning capability by providing a wide range of solutions to the issues of the customers.

● Controlling interest rate risks while diversifying investments

The balance of securities (excluding unrealized gains (losses)) increased ¥77.4 billion from the end of the previous fiscal year to ¥2,011.2 billion.

We continue to manage our portfolio with interest rate risks controlled and pay close attention to the balance between liquidity and profitability. While promoting diversified investment in public and corporate bonds, local government bonds, investment trusts, etc., we continued to increase our investment in foreign bonds, primarily in sovereign bonds and corporate bonds issued by non-Japanese blue-chip companies. We are currently maintaining our cautious approach in light of the market turmoil caused by the growing impacts of COVID-19.

● Low OHR

Expenses increased ¥0.7 billion year on year to ¥81.9 billion. Though non-personnel expenses increased ¥1.0 billion due to investments for increasing operational efficiency and digitalization, due to increases in gross business profit, etc., OHR fell 0.1% year on year to 54.6%.

The OHR remains low and we maintain our efficiency sufficiently high in comparison with other banks.

■ Breakdown of net fees and commissions income

(¥ billion)

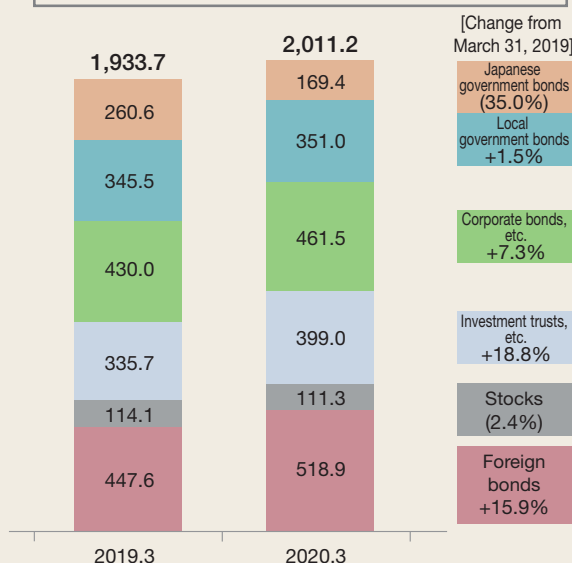
	2019/3	2020/3	YoY
Net fees and commissions income	22.4	22.6	0.2
(Primary items)			
Corporate solutions related ¹	9.0	9.8	0.8
Financial products related	9.3	7.7	(1.6)
Trust business and inheritance-related services related	0.8	1.2	0.3
Cashless business related	0.7	0.8	0.0

*1 Private placement bonds, syndicated loans, etc., M&As, business matching and others

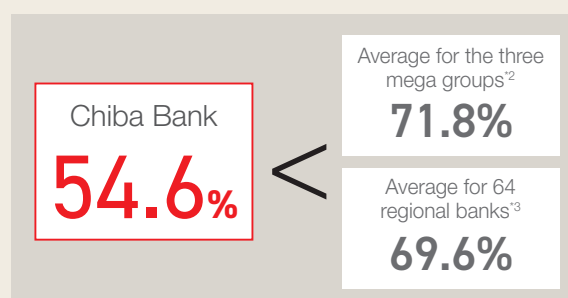
■ Balance of securities (excluding unrealized gains (losses))

(¥ billion)

Average duration of securities (including floating rate bonds)			
	2019.3	2020.3	
Yen bonds	3.5 years	4.2 years	
Foreign bonds	1.4 years	1.7 years	



■ OHR level comparison



*2 Expenses ÷ (Consolidated gross business profit - Gains (losses) related to bonds)
[Fiscal year ended March 2020]: Calculated by the Bank based on disclosed information

*3 Expenses ÷ (Non-consolidated gross business profit - Gains (losses) related to bonds)
[Six months ended September 2019]: Disclosed by the Regional Banks Association of Japan

Earnings Projections for the Fiscal Year Ending March 31, 2021

Summary of earnings projections

For the fiscal year ending March 31, 2021, non-consolidated gross business profit are projected to increase ¥1.5 billion year on year to ¥154.3 billion.

Net interest income is projected to decrease ¥0.4 billion to ¥123.1 billion primarily due to our conservative approach in estimating interest on securities.

Net fees and commissions income is projected to increase ¥2.3 billion to ¥25.0 billion, primarily owing to continued increases in solution-related fees from corporate customers and fees related to the cashless business.

As we expect a ¥5.9 billion increase in expenses and a ¥1.5 billion decrease in net credit costs, non-consolidated profit is projected to be ¥46.0 billion, almost the same as the previous fiscal year, and profit attributable to owners of parent is projected to increase ¥0.4 billion year on year to ¥48.5 billion.

As we receive a large number of requests for COVID-19-related loans, we will strive to provide appropriate funding support and thorough credit management.

Earnings projections

(¥ billion)

(Non-consolidated)	2020/3	2021/3 (Projection)	YoY
Gross business profit	152.7	154.3	1.5
Net interest income	123.6	123.1	(0.4)
Net fees and commissions income	22.6	25.0	2.3
Trading income	1.8	2.7	0.9
Profit from other business transactions	4.5	3.3	(1.2)
Gains (losses) related to bonds	3.2	1.5	(1.7)
Expenses (-)	81.9	87.9	5.9
Real net business income	70.8	66.4	(4.4)
Core net business income	67.5	64.9	(2.6)
Excluding gains (losses) on cancellation of investment trusts	64.2	60.8	(3.3)
Net transfer to general allowance for loan losses (-)	1.2	1.0	(0.2)
Net business income	69.5	65.4	(4.1)
Non-recurrent income and losses	(1.6)	(1.4)	0.2
Disposal of non-performing loans (-)	8.2	7.0	(1.2)
Gains (losses) related to stocks, etc.	2.6	3.0	0.4
Ordinary profit	67.8	64.0	(3.8)
Extraordinary income (loss)	(3.8)	(0.2)	3.6
Profit	45.9	46.0	0.0
Net credit costs (-)	9.5	8.0	(1.5)

Net credit costs

(¥ billion)

	2020/3	2021/3 (Projection)	YoY
Net credit costs (-)	9.5	8.0	(1.5)
Net transfer to general allowance for loan losses (-)	1.2	1.0	(0.2)
Disposal of non-performing loans (-)	8.2	7.0	(1.2)
Write-offs / Net transfer to specific allowance for loan losses, etc. (-)	10.9	9.5	(1.4)
New downgrades (-)	10.9	10.0	(0.9)
Decreases in collateral value, etc. (-)	1.1	0.6	(0.5)
Collections, etc.	1.2	1.1	(0.1)
Recoveries of written-off claims	2.6	2.5	(0.1)

(Note) The impacts of COVID-19 have not been factored into the figures because it is difficult to reasonably measure them at this time.

(¥ billion)

(Consolidated)	2020/3	2021/3 (Projection)	YoY
Ordinary profit	72.6	69.5	(3.1)
Profit attributable to owners of parent	48.0	48.5	0.4

(Note) The impacts of COVID-19 have not been factored into the figures because it is difficult to reasonably measure them at this time.